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Mr. David Waddell, Executive Secretary  
Tennessee Public Service Commission  
460 James Robertson Parkway  
Nashville, TN 37219-0412

RE: Data Request Response for  
**Frontier Communications of America, Inc., #01-00577**

Dear Mr. Waddell:

Attached please find responses filed on behalf of Frontier Communications of America, Inc. ("FCA") to your data request to Michael Swatts dated January 16, 2002. This filing includes an original of this letter and thirteen (13) copies.

Please acknowledge receipt of this filing by returning, date-stamped, the extra copy of this cover letter in the self-addressed, stamped envelope enclosed for this purpose.

Any questions you may have regarding this filing, please do not hesitate to call me at (407) 740-8575. Thank you for your assistance.

Sincerely,

Shari Dawson  
Consultant to Frontier Communications of America, Inc.

cc: Christine Burke - Frontier Communications of America, Inc.  
Michael Swatts - Frontier Communications of America, Inc.  
file: FCA - TN  
tms: TNi0200d

January 29, 2002  
Via Overnight Delivery

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EXECUTIVE SECRETARY

## **Frontier Communications of America, Inc. Tennessee Data Request Response**

- 1. Why is Citizens Communications Company establishing a separate entity to provide telecommunications toll and operator services in Citizen's territory in Tennessee?**

The Citizens and Frontier companies are using this entity in every other state in the United States primarily to provide interLATA long distance services, including operator services, to customers of its incumbent local exchange carriers, with additional services such as intraLATA toll also available. Because this entity offers calling cards to its customers in other states that are capable of completing intrastate calls within Tennessee, it is necessary to qualify this entity to do business and to provide intrastate services in every state, whether or not it has customers residing in each state. Please also see the response to question number 2 for a description of the advantages of using a separate entity.

- 2. What are the advantages to Citizens Communications Company of establishing a separate entity for the telecommunications toll and operator services? What would be the disadvantages of establishing a separate entity for the telecommunications toll and operator services?**

### **Advantages:**

The advantages are as follows: A separate entity provides easier accounting separation for the revenues and costs of providing long distance services as opposed to local exchange services. In addition, a separate subsidiary gives FCA flexibility in the future to become a "facilities-based" carrier with switching and/or transmission equipment, because FCC orders require a separate subsidiary for that kind of in-territory interstate long distance operations. Finally, a separate entity qualified and certificated in each state allows FCA to have only one wholesale transport contract with an underlying long distance carrier as opposed to separate arrangements with each of its incumbent local exchange carriers.

### **Disadvantages:**

The disadvantages are that a separate entity requires administrative costs, primarily the costs of tax returns, regulatory reporting and separate tariffs. However, because a separate entity is being used in all other states, the additional costs of a separate entity in Tennessee are small.

**Frontier Communications of America, Inc.  
Tennessee Data Request Response, (continued)**

3. **Is Citizens Communications Company prohibited by state or federal statute from offering long distance telecommunications or operator services?**

No, not as FCA's operations are currently configured. However, if FCA in the future owns long distance switching or transmission facilities, FCC orders would require a separate subsidiary to provide interstate long distance within the local service territories of Citizens.

4. **Will Frontier Communications of America, Inc. share any personnel, telephone plant, buildings or other resources with Citizens Communications Company or any of the Citizens Communications Company affiliates in Tennessee? If so, please explain in detail.**

The relationship between FCA and its affiliates will be the same as that of the existing Citizens Telecommunications Company, d/b/a Citizens Long Distance, a Citizens long distance affiliate that has operated in Tennessee since 1995. FCA will not share any personnel, telephone plant, buildings or other resources with Citizens Communications Company (the parent holding company) or any of the Citizens Communications Company affiliates in Tennessee. FCA is not expected to have any employees in its own right. It will be using some of the employees and resources of Citizens affiliates outside of Tennessee, primarily in New York State. Such costs will be allocated from those Citizens affiliates to FCA through Citizens' normal cost allocation procedures. This would tend to reduce centralized cost allocations to the Citizens affiliates in Tennessee, but Citizens expects any impact to be de minimus. If FCA is used to provide service to any Citizens local exchange customers in Tennessee, FCA will enter into a billing and collection agreement with the Citizens local exchange companies to provide for the billing of FCA long distance charges on Citizens' local exchange bills. Such a contract, if entered into, will comply with all regulatory requirements, including the payment of appropriate billing and collection fees by FCA to the local exchange companies.

The reason that FCA must also be certificated in Tennessee along with Citizens Long Distance is because of the ability of FCA's out-of-state customers to make intrastate calling card calls in Tennessee.

5. **If the answer to Item No. 4 above is yes, will Citizens Communications Company be willing to impute earnings with revenue generated by affiliated non-regulated entities such as Frontier Communications of America, Inc.?**

Not applicable because the answer to Item No. 4 is no.